

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Hertzberg Analyst: Marion Mann DeJong Bill Number: AB 473

Related Bills: \_\_\_\_\_ Telephone: 845-6979 Amended Date: 04/14/1999

Attorney: Doug Powers Sponsor: \_\_\_\_\_

**SUBJECT:** Manufacturers' Investment Credit/Delete Repeal Date To Extend Indefinitely

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO Support.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 18, 1999, STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

This bill would remove the repeal date from the Manufacturers' Investment Credit (MIC), extending the credit indefinitely.

### SUMMARY OF AMENDMENT

The April 14, 1999, amendment made a minor technical change and added co-authors to the bill. Except for the Board Position, the department's analysis of the bill as introduced February 18, 1999, still applies. The Board Position is changed to reflect the action taken by the Franchise Tax Board at its recent meeting. In addition, department staff has identified the following technical consideration.

### TECHNICAL CONSIDERATION

AB 2798 (Stats. 1998, Ch. 323), which extended the MIC to manufacturers of custom or prepackaged computer software, added computers and computer peripheral equipment to the definition of "qualified property." However, AB 2798 failed to modify two cross-references to "qualified property" contained in another subdivision, and those references became incorrect when computers and computer peripheral equipment were added. Amendments 1 and 2 would correct the cross-references.

Amendments 3 and 4 are provided to resolve the technical consideration raised in the department's analysis of the bill as introduced.

#### Board Position:

☒ S  
\_\_\_\_ SA  
\_\_\_\_ N

\_\_\_\_ NA  
\_\_\_\_ O  
\_\_\_\_ OUA

\_\_\_\_ NP  
\_\_\_\_ NAR  
\_\_\_\_ PENDING

Department/Legislative Director

Date

**Johnnie Lou Rosas**

**5/3/1999**

BOARD POSITION

Support.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to support this bill as introduced February 18, 1999.

Marion Mann DeJong  
845-6979  
Doug Powers

FRANCHISE TAX BOARD'S  
PROPOSED AMENDMENTS TO AB 473  
As Amended April 14, 1999

AMENDMENT 1

On page 3, modify lines 12 and 13 as follows:

(B) Except as provided in paragraph ~~(2)~~ (3) of subdivision (d) and subparagraph (B) of paragraph ~~(3)~~ (4) of subdivision

AMENDMENT 2

On page 15, modify lines 38 and 39 as follows:

(B) Except as provided in paragraph ~~(2)~~ (3) of subdivision (d) and subparagraph (B) of paragraph ~~(3)~~ (4) of subdivision

AMENDMENT 3

On page 27, modify lines 15 and 16 as follows:

(i) The amendments made by ~~the act adding this subdivision~~ Chapter 954 of the Statutes of 1996 shall be operative for income years beginning

AMENDMENT 4

On page 27, modify lines 19 and 20 as follows:

(j) The amendments made by ~~the act adding this subdivision~~ Chapter 323 of the Statutes of 1998 shall be operative for income years beginning